GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1109
ANSWERED ON:24.10.2008
APPOINTMENT OF INDEPENDENT DIRECTORS IN COMPANIES
Muqueem Shri Mohammed

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the details of the provisions under the Companies Act, 1956 regarding appointment of independent directors and audit committees in the Companies;

(b) whether the companies are complying with such provisions of the Act; and

(c) if not, the action taken by the Government in this regard?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA)

(a) The term 'Independent Director' has not been defined in the Companies Act, 1956. The constitution of 'Audit Committee' and manner of its functioning has been provided in section 292A of the Act.

(b) & (c) The statutory provisions of the Companies Act, 1956 are required to be complied with by all companies. In keeping with the law, legal action is initiated against defaulting companies as and when any violation in this behalf comes to the knowledge of the Government.